FSC-37-A	3/6/96	TO: ROM
SUBJECT: Special Fixture Program		

DISTRIBUTION:

X	AVP	X	KAM	___	ELM
X	RSM	X	Reg.Mil./DF Mgr.	___	MIL
X	RBM	___	DM	___	DF
X	ROM			___	REP

C/M 3-13
Office
Darren

SPECIAL FIXTURE PROCESS

The special fixture program is being re-structured as a resource to help drive RJR business in the future. Since it is a limited resource, only select retailers should be considered for this program. All future requests for a special fixture will have to be thoroughly analyzed and recommendations must be based on a positive RJR cost /benefit relationship.

This systematic approach will allow a review of pertinent data, as well as company standards, to determine if this is a "Good Buy" for R.J. Reynolds Tobacco Co. The process will cover the following areas:

- Analysis
- Priority Ranking Requirements
- Special Fixture Agreement
- Re-order and Warehousing

Analysis:

Special fixtures, in the future, will not be considered solely on the basis of a chain having specific color, height, capacity , design requirements or even if their priority ranking qualifies. None of these elements are drivers of RJR volume or share.

A retailers request for a special fixture must be compatible to RJR's needs if we expect to grow our business in the future. Any fixture developed must assist in improving product availability, presence and/or promotion effectiveness (3 P's). Enhancements in these areas will have a positive impact on the company's bottom line. The RJR Special Fixture Request/Cost Analysis Worksheet is an excellent resource to measure the upside (increase SOM/Sales) against the expense side (cost of fixture and/or contract payment) to determine if RJR's participation is warranted.

The Revised Special Fixture Process will require "up front" communication and planning between the field manager and home office personnel i.e. estimated cost of fixture, tooling requirements, timing, etc. Information gathered will assist in implementing an effective program that will drive RJR volume, favorably impact the consumer and service the retailer's need.

Priority Ranking Requirements:

- Special fixture consideration will be available for all National and Regional A Players regardless of segment classification (Supermarkets, Convenience/Gas Stores, etc.) and based on their volume /business building opportunity.
- Regional B Players that are major players in their marketplace now and in the foreseeable future also may be considered.
- Region B Players that are not a significant factor in a trading area and C Players will not qualify for special fixtures.

Note: A Regional B or C Player that does not qualify can elect to cost share the difference between a standard and a special fixture if RJR will maintain/obtain a competitive advantage.

51845 7593

Source: https://www.industrydocuments.ucsf.edu/docs/jsmy0000

Special Fixture Agreement:

A Special Fixture Agreement Form must be signed, to ensure the fixture will stay in an account over a pre-determined period of time. This will eliminate the sometime practice of retailers switching fixtures from one company to another. The term of this agreement will be for a three (3) year period. Should an account terminate this agreement, a pro-rated amount will have to be reimbursed to RJR. This provision will assist in protecting our investment and establish with the retailer our expectations and policy.

Initial Orders, Re-Orders and Warehousing:

A significant savings for the company can be realized, both financially and administratively, when special fixtures are shipped directly to stores and not stored in a warehouse to meet future needs.. All chains have a dedicated person or department who controls and has knowledge of new store/re-model activities and usually maintains a mailing list informing manufactures of future fixture needs. Since unplanned emergencies sometimes arise, a recommendation could be made to the chain or the chain's supplier of cigarettes, to hold one or two fixtures to cover an unexpected situation. The Area Vice President must approve, in the future, any special fixture that will be warehoused in the RJR Sales Materials System.

The Special Fixture Notification Letter, confirming availability and cost information, will indicate a re-order lead time as well as a home office support person to assist you with future orders or answer any question that may arise. This lead time date should be communicated to the appropriate chain person for their files. This information is also shown on the Special Fixture Agreement Form.

Business decisions, in the future, must be based on more accurate and timely information. The special fixture process will allow you to take an in-depth look at evaluating a chain's request for a custom fixture. An analytical approach along with your knowledge of the account will enable you to make an informed decision in the best interest of R.J. Reynolds Tobacco Co.

Special Fixture/Cost Analysis From and Special Agreement Form

These forms will be downloaded to your PC and will reside on your hard drive in the C:\data\excel\busrpts directory. This file, named fixcost.xlt, is set up similar to the files in the Category Professional Toolkit. The same concept of point and click and drop down windows are used so no additional training is required (see enclosed user instructions).

Program Contact: Butch Oringderff, extension #7463

R. J. REYNOLDS TOBACCO COMPANY

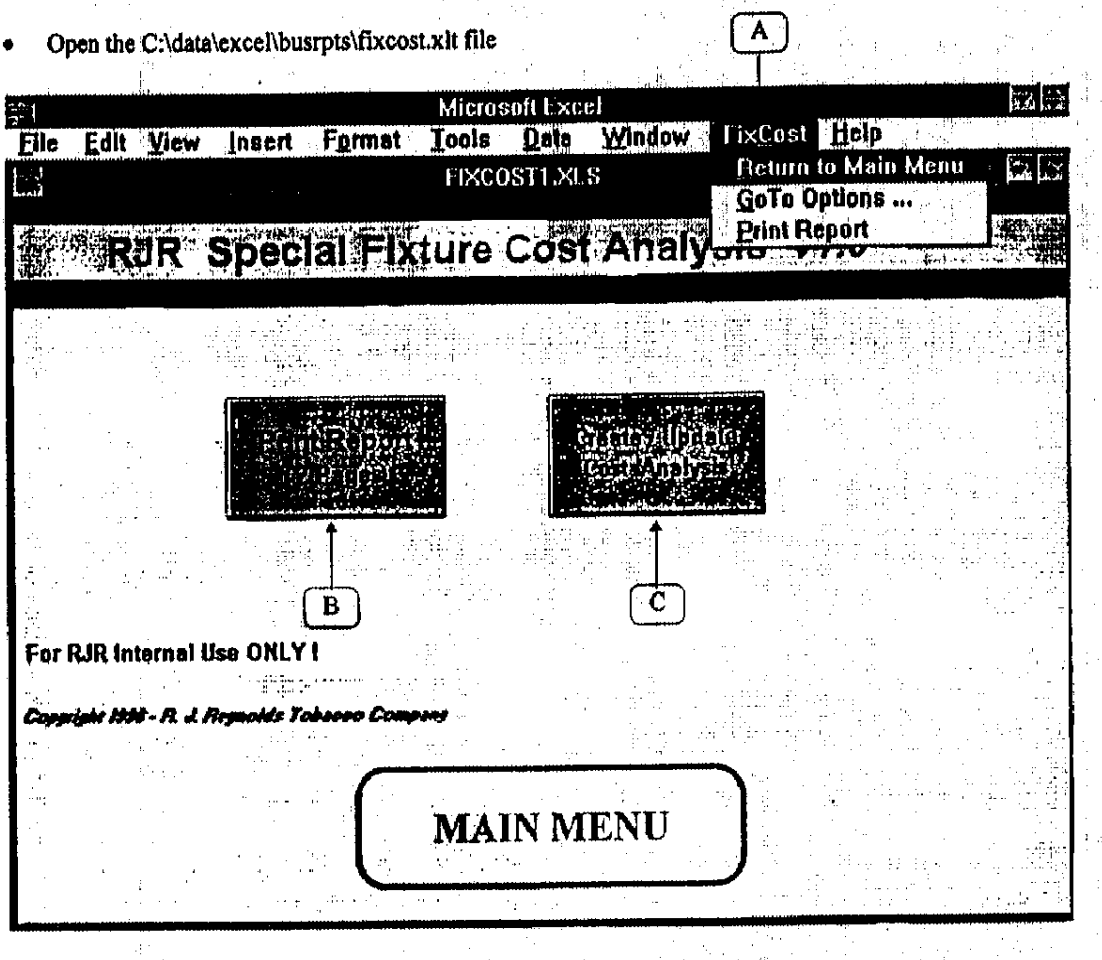
51845 7594

Source: https://www.industrydocuments.ucsf.edu/docs/jsmy0000

SPECIAL FIXTURE COST ANALYSIS

USER INSTRUCTIONS

- Open the C:\data\excel\busrpts\fixcost.xlt file



A - When the FixCost is selected from the menu bar, the following options are available:

1. ***Return to Main Menu***:
   Returns to the Screen shown above

2. ***GoTo Options...***:
   Account Data Input - Opens up the Cost Analysis Sheet for input data. By pressing the tab key after each entry the cursor will automatically move to the next input field (shaded cells only). If no data is required press the tab key until the cell that requires input data is selected (see sample cost analysis worksheet).

   Agreement Input - Opens up a window to input specific information that will automatically be place on the Special Fixture Agreement Form. The tab key should be pressed after each entry.

   RJR Comment - Allows for any additional comments on the RJR Special Fixture Request / Cost Analysis (see sample cost analysis worksheet).

51845 7595

Source: https://www.industrydocuments.ucsf.edu/docs/jsmy0000

SPECIAL FIXTURE COST ANALYSIS

Cost Analysis Report - Allows the viewing of a blank or completed Special Fixture Request / Cost Analysis Report.

GoTo Options (continued)

Agreement Form - Allows the viewing of a blank or completed Special Fixture Agreement Form.

3. ***Print Report***: Prints both the Special Fixture/Cost Analysis and Special Fixture Agreement Form.

B - ***Print Report Button***:

1. Prints the Special Fixture/Cost Analysis and Special Fixture Agreement Forms.
2. These forms may also be used as blank worksheets to gather input data (manually).

C - ***Create / Update Cost Analysis Form***:

1. Will open up the input section for data input.
2. Use GoTo menu, under FixCost to navigate through this application.

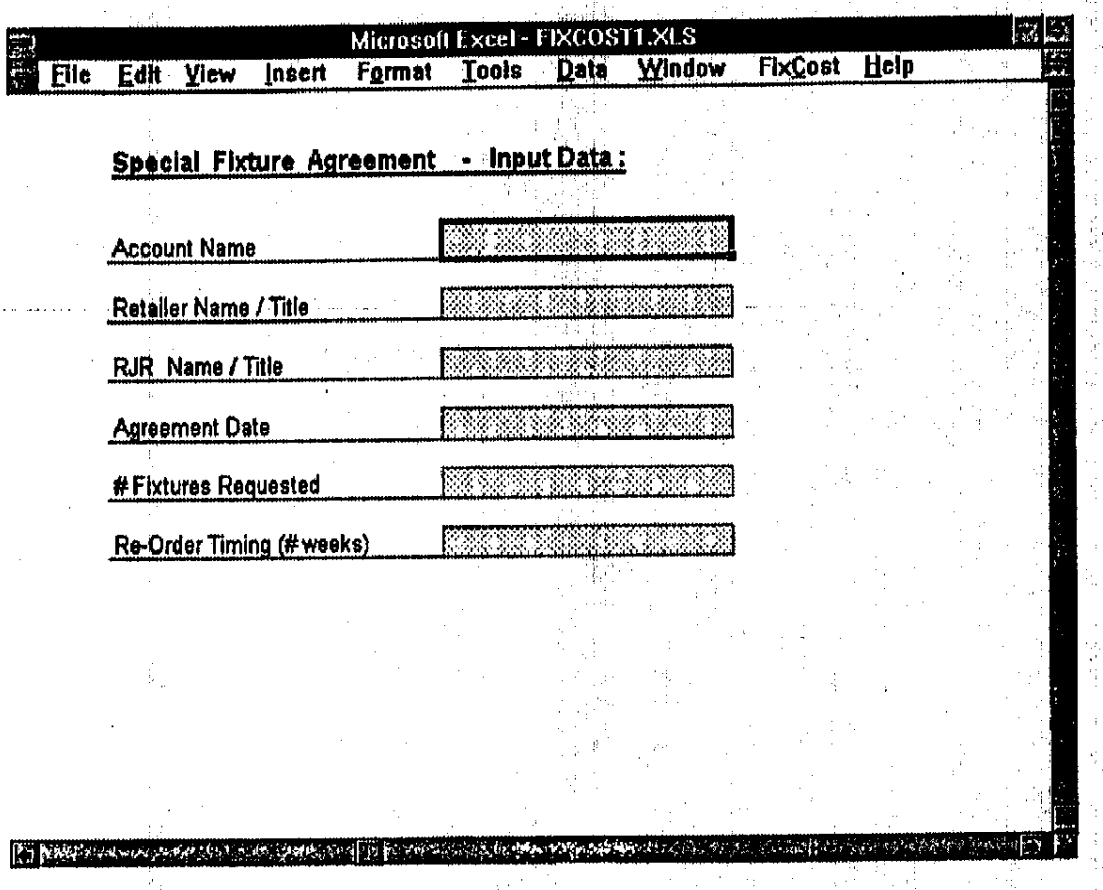
Notes:

- May use "Other", under proposed fixture costs, to indicate any retailers cost sharing or (enter as negative $ amount) or as installation third party charges (enter as a positive amount).
- Save your work, with appropriate file name.
- Preferred routing procedure would be to send your saved file, as an attachment, via E-Mail to the approving authority and then to Butch Oringderff in Winston-Salem.
- If a cost analysis is performed for contract payments only, .01 must be shown in the 1st proposed fixture cost input field.

51845 7596

Source: https://www.industrydocuments.ucsf.edu/docs/jsmy0000

SPECIAL FIXTURE COST ANALYSIS



Note: After the input fields are completed, the data is automatically placed on the Agreement Form when a copy is printed or viewed.

51845 7597

Source: https://www.industrydocuments.ucsf.edu/docs/jsmy0000

R.J. Reynolds Tobacco Company

Special Fixture Agreement

Account Name : _____

R.J. Reynolds Tobacco Company will provide a special fixture merchandising system to all qualifying retail stores that sell cigarettes. R.J. Reynolds Tobacco Co. will maintain these special fixtures during the useful life of the fixtures. This service is one of several which can be provided by R.J. Reynolds Tobacco Co. for the merchandising of cigarettes.

In consideration for R.J. Reynolds Tobacco Company's supplying you with special fixtures(s), you agree as follows :

1. Maintain the advertising copy provided by R.J. Reynolds Tobacco Co. on the fixture(s) for the life of the fixture(s).

2. R.J. Reynolds Tobacco Co. reserves the right to periodically change the advertising copy.

3. Prohibit the placement of any posters, shelf strips, decals, displays or other promotional materials, on any part of the special fixture(s), except for those provided by R.J. Reynolds Tobacco Co.

4. Load the special fixture(s) according to a plan-o-gram provided by R.J. Reynolds Tobacco Co.

5. Utilize the special fixture(s) at the intended location(s) at retail, for not less than three years.

6. In the event the retailer elects to remove the special fixture(s) within the three year time period, the retailer will reimburse R.J. Reynolds Tobacco Co. a prorated amount based on the time the fixture(s) were on location at retail.

7. Should the federal, state or local government regulate the sales or merchandising of cigarettes to an extent that the parties cannot lawfully carry out the merchandising and display provisions of this agreement, then in that event, this agreement shall terminate as to the affected stores, with no further payments or obligations due, with respect to the affected stores.

8. Inform the R.J. Reynolds Tobacco Co. representative within the required time period for future special fixture(s) to meet new and remodeled store requirements. The set lead time of _____ weeks is required for delivery of any additional special fixture(s).

9. This agreement may be changed only by written agreement of the parties, signed by both parties involved.

10. Number of special fixture(s) requested in this agreement is _____ .

11. The special fixture(s) remains the property of R.J. Reynolds Tobacco Co.

We / I understand that failure of performance of any of the above terms and conditions will no longer entitle retailer to participate in the R.J. Reynolds Tobacco Company merchandising service offered, or to utilize in any way the special fixture(s) furnished by R.J. Reynolds Tobacco Company.

Retailer Approval

Name / Title : _____

Signed : _____

Date : _____

R.J.R. Tob. Co. Approval

Name / Title : _____

Signed : _____

Date : _____

51845 7598

Source: https://www.industrydocuments.ucsf.edu/docs/jsmy0000

RJR Special Fixture Request / Cost Analysis

RJR Internal Use Only 3/5/96

ACCOUNT DATA INPUT (shaded area only)

Retail Name / Priority Ranking :
RJR Mgr. / Div. # / Phone # :

Stores
AIM # Days

Prototype Shipping Address:

Special Fixture Description:

Contract Costs :	Per Store	All Stores
Current Contract $/Mo.		
Proposed Contract $/Mo.		
Enhancement $/Mo.		
RDA Variance $/Mo.		
Additional RDA $ per Year		
Additional 3-Yr. RDA $ Cost		

Current Volume Data :	
Total Industry Volume	
RJR Total FP Volume	
RJR Total Brd. Sav. Volume	
RJR Total P/L Volume	
Store Volume / Week :	
Avg. Industry Weekly Volume	
Avg. RJR Weekly Volume	

Proposed Fixture Costs :	Per Store	All Stores
Carton Fixture		
Package Fixture		
Display Fixture 1		
Display Fixture 2		
Display Fixture 3		
Other		
Tot. Fixture Cost		

Contract + Fixture
Cost Breakdown

	Per Store	All Stores
Year 1 (Proposed)		
Year 2 (Proposed)		
Year 3 (Proposed)		
Tot. 3-Yr. Incr.Cost		

Assumptions :
Annual RJR Ctn.Vol. (proj.)
Full Price Profit $ (mam)
Branded Sav. Profit $ (mam)
Priv. Label Profit $ (mam)
Avg. Wtd. RJR Margin $/Ctn.
Avg. Current RDA $ /Ctn.
Avg. Projected RDA $ /Ctn.
Current RJR Gr.Profit/Month
Current RJR Gr.Profit/Year

RJR Break Even Analysis (3 Years)

	Current	Need	Incremental
Avg. Vol.			
Tot. Share			
Net Profit/Yr.			

* Incremental Volume and Share Needs should be achieved quickly and sustained for 3 Yr. period.

RJR COMMENT INPUT

Comment Section : *Strictly Confidential -- RJR Internal Use Only*

Region Manager :
Area Vice President :

Note : All special fixtures produced must be shipped to a retailer's store or warehouse facility. RJR will not provide warehousing for extra fixture(s) for upcoming new stores or re-models. The notification letter that provides cost, item number, availability, etc. will also give the lead time for additional fixtures that may be required in the future. This information should be reviewed thoroughly with the account so they understand the amount of lead time required to produce additional fixtures.

Special Fixture Cost Analysis form and Agreement form must be reviewed & approved by RSM / AVP , and sent to Winston-Salem ....

Please send the approved forms to Butch Orlowski (W-S , extn# 7463) and a copy to your Area Manager of Operations.

51845 7599

Source: https://www.industrydocuments.ucsf.edu/docs/jsmy0000